PUBLIC COMMENTS ON STATE ENERGY STRATEGY GUIDING PRINCIPLES AND NARRATIVE APPENDIX B

The Department of Community, Trade and Economic Development (CTED) hosted two evening meetings to receive input from the public regarding the development of this state strategy focused on electricity. This is a summary of the comments made during these two meetings and reflects written comments received from one citizen, one environmental organization, one industrial customer organization, and one investor-owned utility.

The vast majority of comments to the strategy addressed the following three categories.

- Support integrated resource planning to ensure that resource acquisition follows the 1980 Power Act: develop cost-effective resources through conservation first, then renewable resources, and finally thermal generation.
- Plan for climate change – Assess how it will affect our economy, environment, and our hydropower supplies. Fully mitigate greenhouse gas emissions, particularly CO_2.
- Preserve regional preference to the federal hydropower system; ensure that it is a low-cost system.

This summary organizes public comments by State Energy Strategy Guiding Principles.

Principles #1 and #2: Encourage all load-serving entities to adopt and implement integrated resource plans to ensure they have adequate resources to meet their obligation to serve their customers' projected long-term energy and capacity needs. Encourage the development of a balanced, cost-effective and environmentally sound resource portfolio that includes conservation, renewable resources, and least-cost conventional resources.

The first two principles are inherently linked; therefore, public comments are combined here. Public comments highlighted the need for integrated resource planning (IRP) now. They noted that IRP should occur under a specific set of guidelines, such as those in the 1980 Power Act, to ensure that utilities are adequately investing in their power systems (conservation, generation, transmission, and distribution). One commenter noted that the state needs a full-fledged, quantitative risk analysis of our power system. The largest number of stakeholders repeated the request to establish a renewable portfolio standard (RPS). Several suggested that Washington support a long-term plan for energy sustainability. The industrial customers offered a different interpretation on resource acquisition; they indicated a necessity to balance long-term costs for resources versus near-term rate impacts.

Principle #3: Protect the benefits to Washington consumers from the Federal Columbia River Power and Transmission System (FCRPS).

There was support for this principle and comments generally indicated a desire to preserve low-cost power and a request to have Washington more involved in governing BPA. One comment went beyond this and challenged the state and stakeholders to determine the highest and best use of the federal hydropower system and consider that hydropower complements other intermittent renewable resources and could be used to facilitate the development of more renewable power generators.

Principle #4: Preserve and promote the state's cost-based energy system to benefit the end-use consumer by providing reliable power and reduce consumers' vulnerability to supply shortage and price volatility. At the same time, the state should promote policies that harness market forces in the wholesale energy market to reduce customer costs and increase reliability while protecting the environment.

Comments here indicate that our cost-based system should strive to produce low-cost power. Washington's industries need low-cost electricity that provides a competitive advantage that offsets higher transportation costs. Lastly, there were requests that

ratepayers not bear the costs of losses resulting from utility schemes to make money on the market.

Principle #5: Encourage utilities, BPA and others as they work to reduce congestion and improve the reliability of the transmission system, to assess all potentially practicable and cost-effective alternatives, including but not limited to targeted demand reductions, generation additions, system upgrades, and new line construction.

The public participants expressed a desire to grow and maintain the transmission system to improve operations of local systems and to foster the development of renewable resources. They were not interested in funding the expansion of a transmission system for the purpose of transmitting electricity out of the region. Participants expressed concerns regarding the ability of an RTO to effectively manage the transmission system.

Principle #6: Foster a predictable and stable investment climate to facilitate adequate and efficient access to capital markets for independent power producers, federal agencies and Washington's public and private energy industry.

Utility comments on this topic seek more involvement from the government. For example, state government should have a more proactive role in promoting investment in energy infrastructure and efficiency improvements; the state should investigate how other states have improved access to low-cost capital for investment in the electricity system; and, public officials can continue to demonstrate to capital markets that Washington's investor-owned utilities are regulated in a manner that facilitates timely and economic recovery of prudent capital investments. One public participant indicated that if "we" wanted investor-owned utilities to be partners, we needed to share some of the risk.

Principle #7: Promote Washington as a leader in clean energy technologies.

There was support for this principle, specifically directed at the state playing a bigger role in promoting renewable power and promoting sustainability beyond state agencies.

Principle #8: Rely on scientific and economic principles to inform energy policy.

One participant indicated that economic principles for decisions must not be short-term, but need to include the impact on global warming and the vulnerability to market manipulation and fluctuation caused by foreign oil dependence.

Principle #10: Educate the public on energy issues.

Several individuals believed the public must be educated to make informed choices about energy use and supply. They want government and utilities to engage community groups in the development of energy policy; they described the current array of electricity policy setting processes as a rugby scrum.

Principle #13: Promote energy policies that maintain and/or improve environmental quality.

One of the top three concerns expressed was to mitigate greenhouse gas emissions, particularly CO_2. The state and utilities should analyze the impacts of climate change on the supply of Northwest electricity due to reduction of snow pack and the effects on hydropower production. Additionally, they should analyze the impacts of climate change on demand for electricity load such as an increase in cooling load. More broadly, the state should analyze the economic and environmental impacts that climate change will have in Washington. Most participants wanted the guiding principles to address CO_2 emissions and global warming. Suggestions included phasing-in the full cost of greenhouse gas mitigation into electricity prices and creating legislation to register greenhouse gas emissions in order to give incentives to businesses to reduce emissions.

On a different note, one commenter indicated that the Northwest should not transmit electricity to California when doing so would impact salmon.

Leadership

Some participants spoke of the need for leadership from state government and the

energy stakeholders within Washington to create an electricity vision that addresses economic, environmental, and social equity issues. State leaders and the policies they implement need to articulate the state's philosophy and goals.

Finally, there were comments ranging from questioning the allocation of federal power to the aluminum industry to recognizing the basic need for electricity to survive (create an entitlement for low-income as needed), to recommending that the state's electricity system be carbon neutral by a certain date.